

**California Department of Water Resources
Flood Protection Corridor Program
Proposition 84**

**Sacramento Application Workshop
October 2, 2007**

Q: Are these funds available for developing a plan that meets the program objectives? Relevance: Group has been working for six months, developing a plan which meets program objectives.

R: Typically bond funds from our program are not used for planning purposes unless it's a small piece of the bigger project that includes implementation. We are looking primarily for implementation for a completed project with tangible results. If we spend money on planning, sometimes the project doesn't get built and the money is wasted. But we understand that planning is important and if you can outline the plan and the implementation together you can request funding and we will evaluate your proposal.

Q: Would like to clarify previous statement. Will planning projects be funded or not?

R: Only as a piece of implementation. Now there are other funding pots in Proposition 84 and Proposition 1E that can do planning. The IWRM (The Integrated Regional Water Management) grants may fund planning. Proposition 1E has some specific pots that are earmarked for planning.

Q: So without an implementation plan, a project will not be considered for funding?

R: It would tend to score fairly low and would not likely be competitive.

Q: It's clear the program is designed to deal primarily with flooding related to the major river systems. Is it also available for helping municipalities deal with storm water issues within their boundaries off channel of the major water course?

R: Sure, the size and the importance of the project and its benefits are related to the cost of the project. In other words we look at cost benefit. A big expensive project will need major benefits. A little project with relatively low costs can have less benefit but if the cost benefit ratio is still good then it is still fundable. We do small projects as well as large ones. Although we have a \$5 million cap, larger projects that can be phased can be submitted in phases with the potential for commitment of future funding as that funding becomes available in future budget years. So if the project is estimated at 10-15 million to complete, but you can get by with a 4-5 million dollar phase one, we could fund phase one now with the plan to fund the future phases as funding becomes available in future budget years. There will be future funding for this purpose from proposition 1E. It will be a slightly different program and we are still developing regulations for it but it will be very similar in many respects. A multi year project could be funded from both sources.

In terms of smaller projects, the smallest project funded under prop 13 was \$325,000.00. If the benefits commensurate with the costs then the Program will consider funding the project if it fits the non-structural goals of the Program and has an agricultural and/or wildlife conservation component.

Q: Is CEQA an eligible cost/ will DWR help pay for preparing CEQA?

R: Yes, it's not quite as simple as that. The application form has a requirement for an initial study check list which is one of the appendices to the State CEQA guidelines. Some agencies are eligible to be lead agencies under CEQA, such as local government agencies whereas non profit organizations, which are eligible for funding, are not eligible to be lead agencies. So in a case of a non profit organization someone else has to be the lead agency. DWR can be the lead, however we prefer not to, and instead prefer the applicant find a county or an eligible co-sponsor such as a local government agency that can handle the CEQA Lead Agency role. CEQA is an eligible cost. The applicant would have to describe the anticipated impacts on the initial study checklist and then create within the budget for the work plan a line item for completing CEQA early in the process. Another necessary early activity would be a hydrologic study. If the applicant does not have a hydrologic study at the time of application, then an engineer's opinion of the hydrologic benefits of the project might be submitted with the application and then the hydrologic study would be an early project activity included in the scope of work.

Q: Can the grantee use proposition 84 money as a local match to federal money?

R: Yes, the money can be used for a match to federal money; however the money can't be used for local match to state money, because it is state money. To expand on the answer, if there is a state local split for the federal money, then the state grant money can't be used for the local share, but it can be used for the state share of the match for the federal money.

Q: What kind of performance period do these grants have?

R: Normally the agreements are for three years. In the past there have been some for five years. Some of FPCP projects have been stretched out for six or seven years. Depends on the project and how quickly things can be pulled together. If there are activities that must be coordinated with another program, that program's schedule may be the driving influence. For instance on our Lakeside grant in San Diego, they are lowering the floodplain next to the San Diego River, and are creating thousands of yards of cubic fill. Caltrans wants to use this fill in a road widening project (Highway 52 in Santee), but Caltrans was a year behind in getting their construction project going, so the San Diego FPCP grant slowed down for a year to let Caltrans catch up. Overall, the Lakeside project will take about seven years to complete.

Q: Is there an initial time frame that the grant is approved for? And then extensions are requested/ approved as needed?

R: Yes, We would recommend giving the best estimate to when you expect the project to be completed along with a schedule. Then if the schedule changes, the grantee will need to justify why the schedule is changing.

Q: Cost overrun, applicant estimates that the local agency project will cost \$4 million, and is eventually completed at \$5 million. Will FPCP entertain cost overrun at project completion?

R: When a grantee is given a certain amount of money, it is a fixed amount of money. If there is a cost overrun from one budget section you need to take it from another budget section, because usually the total amount of the grant will not increase. If it is part of a phased project or there's follow up work subsequently budgeted then it could be added to the budget for the later work if the overrun is justifiable. In general once the grantor settles on an amount in the funding agreement the dollar amount will not change.

Q: Is there a local match requirement?

R: There is not a requirement but it does help the applicant's competitive position in the evaluation. There is a question that is scored based on what local match you bring. The more outside money you bring in (non state money), the higher the score due to receiving more points on this question. For Proposition 1E funded projects, the match requirement will be more rigorous in terms of requiring a defined match. The legislature put in language saying we have to maximize the match and some of the currently funded grants have 30 to 50 percent match. We have not yet determined what our requirement will be for Prop 1E but it will likely be defined.

Q: If we are working on a flood management project that has both a structural and non-structural component and there is an interest in pursuing other property for 1E monies for the structural elements can we pursue this source (prop 84) of money for the structural elements, knowing that the project has both types?

R: Yes, that can be done. We would only enter into a hard funding agreement after we knew there would be a commitment to fund the other part of it. If the other part was an essential part of the program, there would have to be a commitment for the other money before Proposition 84 money started flowing. We will not fund half a project that can't be completed because the grantee wasn't successful in the other part.

Q: Statement made that there was a provision in legislation for payment in lieu of taxes and the program seems to be emphasizing easements. Question is if all options have been exhausted will program fund fee title acquisition? And in that case how is the payment in lieu of taxes handled, is it through a larger departmental budget process or through this program?

R: Maintenance can be funded through an endowment that's up to 20 percent of the purchase price or the price of improvement if land is not being purchased. In terms of fee title acquisition by a state agency for instance, that doesn't pay taxes, the taxes are a loss unless there is some kind of fee structure in place for fire/police protection or flood control. The state does pay for that, however I am not aware of a program that pays in lieu taxes similar to what the federal government pays. There would be no taxes, if the property is purchased by a non-taxable entity. There are instances where the program has funded purchases by local land trust or local land conservancies which do pay taxes, so in those cases the tax issue is not a problem.

Q: The program has listed the acreage of farm land protected and acres of wildlife habitat protected as part of this program, question is has the program kept track of the total number of agriculture acreage that also has habitat value?

R: The program has proposals from applicants that describe the benefits of the projects, but there are no ongoing monitoring systems in place to assess the habitat value of agricultural land.

Q: Rebuttal: Curious as to how many of the projects, or whether there are a significant portion of the projects, were that agricultural land protected also the proposal engaged management changes that would enhance the agricultural compatibility.

R: Yes, one of our biggest acquisitions was Staten Island, which is continuing to be farmed, and is also one of the key islands for Sandhill Crane habitat. There is dual benefit at that site.

Q: Planning question: Application looks like it's about ten pages of very specific questions, so what hope can you give to those of us who are still in the planning stage? Is funding at all possible for planning?

R: Not very likely, the money is so limited and there is such a demand for projects that will yield tangible results that they will probably have preference. There is only \$24 million available. At the last funding round we had 45 applications, and the amount of money available was \$27.5 million. The total dollar amount applied/requested was \$145 million. The highest scoring projects will be funded. It is doubtful that planning studies will be funded, unless it is a very critical situation, and there is some state interest involved.

Q: Along those lines, please list examples of projects funded in terms of scope or size, and is \$5 million cap for projects?

R: Yes, \$5 million is the cap. Size in terms of acreage or size in terms of dollars?

Q: Size in terms of acreage. There doesn't seem to be very much systemic fix of system. Is the program looking for specific sites for modifications?

R: Size varies. No, the program is not looking simply for site modifications. Proposition 1E will have more money and will be able to fund more projects. With the \$5 million dollar cap we have limits unless the project is phased, but there are projects on major rivers that entail thousands of acres and it will cost more than \$5 million and will therefore have to be phased. We have funded projects that are fairly small like 20-30 acres.

Q: Is that the average size? (20 acres)

R: No, average size is about a couple hundred acres.

Q: I work with the Governors office of Emergency Services, and we have grant money for planning, and flood planning.

R: We are planning to convene an evaluation project team and the Governors Office of Emergency Services is normally one of the participating agencies.

Q: If applicant received funding in the past from this grant does that lessen their competitiveness?

R: I don't think so. Program looks at the merits of the project. If you have another good project then that doesn't preclude you if you were funded in the past.

Q: City of Vacaville: Is it correct to assume that the projects that would be first served would be those projects that are designed ready to go out to bid?

R: Yes, applicant gets extra credit for being ready to go within the next several months. There is a question on the application form that estimates when the start up time would be. I don't recall what the break off point is. [Question e. 5. Describe the project's readiness to proceed. 30-point bonus if ready to begin construction or complete acquisition of new property rights within three months and 15-point bonus for six months].

Q: Are detention like projects suitable for funding?

R: Detention type projects are suitable if you are re-creating floodplain like functions. In other words if it is earthen bottom, with fish access and will serve as fish rearing habitat, support wetland or riparian vegetation, then the project would be suitable. If the project is a concrete lined detention basin it won't have any chance of getting funded.

Q: What if the project is earth-lined short term detention basin to take peaks off of high flows?

R: The detention basin can be longer term, particularly if it is large in size. For example if it is 500 acres of flood plain and is functioning as a detention basin, particularly if it floods frequently. If it only floods once every 30 years, then it would be difficult to support riparian vegetation, but if the detention basin floods frequently in a given year then it would be ideal. Unless there is under seepage. If there is ground water that supports the vegetation then the surface inundation frequency isn't as important.

Q: Does the program cover equipment acquisition?

R: It can, and would depend on how essential the equipment is. Pumps and equipment necessary for maintenance have been funded.

Q: Earth moving equipment?

R: No, I don't think so. If you needed earth moving equipment to build project, could potentially cover the rental of an earth mover or cost to hire someone to operate their earth mover, but it would not cover the cost of buying a scraper.

Q: Will the program consider funding bridge replacement in terms of opening up the floodplain function, meeting multi objectives in terms of ecological function of the river system? This is in combination of looking at levee setbacks and flood easements down stream.

R: It depends on what the percentage the bridge cost is of the total project. If the bridge is the primary cost, then no the program wouldn't fund project, but if the bridge is a small part of the total project it has potential. We have to be careful with bridge replacement, because we have established a precedence of eliminating that element from previous projects because it was deemed more transportation related than flood related and that is

not the purpose of this program. Applicant would have to show to what extent flood risk would be reduced as a result of building the bridge. Bridges are expensive and usually they are associated with a road. The road department has a budget, the highway department has a budget for doing those kinds of things and we don't want to supplant their budgeting program. Our focus is more on flood risk reduction and unless it is integral to eliminating flooding it wouldn't have much chance of funding. Replacing bridge seems more like a structural solution than a non structural solution. If widening the bridge opens up the floodplain and allows for non structural benefits, we could look at proposal if the cost isn't too excessive

Q: If the project is a phased project consisting of set back levees and flood easements, what can we apply for in this round? With then understanding that the bridge replacement will help augment the project, would the program consider funding only a component of the proposed project, if they determine that was a feasible portion of the project to fund, then defer the other part to local funding or to a second/third round of funding?

R: We always would defer it to alternate sources of funding, but yes we would consider funding parts of projects and not other parts if the parts tend to be more non structural and tend to focus more on flood risk reduction and eliminate the structural parts that are not so essential to flood risk reduction and are more appropriately funded from another source.

Q: Will development projects rank higher than acquisition?

R: I guess depends on what the purpose of the acquisition is: acquiring land to remove a levy or build a detention basin or to preserve an area from future development. Sometimes acquisition projects don't score as well because it is hard to show how much flood benefit comes from that if all you are doing basically is precluding future development. Unless there are exceptional circumstances, our experience has been that these type projects don't score as well as projects that reduce risk for existing development or critical agricultural resources.

Q: In this case it would be acquisition for development of detention basins.

R: Is the funding for the detention basins committed?

Q: No the funding would come after the acquisition of the properties.

R: We could take a look at project. I don't know how the project would compete. It certainly is an eligible cost. It is something we could fund, but where it would fall on the competitive scale, where it would rank in comparison of the other projects will depend on how good the other projects are, which we can't predict.

Q: Would tidal marsh restoration projects that might have flood retention or flood storage capacities be favored in this program?

R: They would certainly be eligible for consideration. Not necessarily favored.

Q: Favorable for eligibility?

R: Yes, if there is a definite flood benefit to be achieved, (is this the one in Marine County? No) whether it's salt water estuary or fresh water marsh, they are all valuable habitat types and assuming you can demonstrate tangible flood risk benefits that justify the costs then certainly that would be fundable.

Q: We have an interest in dredging, would that be eligible for the program?

R: For dredging, it would depend on the circumstances of the project. If you plan to work in a natural stream using methods that would disrupt all of the benthic organisms, that action would definitely not be good. If you are creating ultimately a better situation then what is there now in terms of naturally functioning ecosystem and flood conveyance and river meander, then that would be what the program is looking for. So, dredging is not precluded but we certainly don't want to create a situation that has to be dredged regularly as part of maintenance.

Q: We are from a reclamation district (RD) down in the San Joaquin area and we have a dredging bay that's behind the dam which has Army Corp built pumps that were put in back in the 60's, and when the river gets real high in the dredging basin, we pump to maintain the water level so the houses don't get flooded. Question is will dredging qualify for this type of project? Our basin is fed by a creek that runs year round, from farmers, and their filtration of soil input has filled the basin about 10 feet over the last 15-20 years. RD has 300 horsepower pumps that pump the soils out. During normal operation the water is only 4 feet deep, and during a flood the water level is high and they have to close the gates. The RD needs to dredge because the water level has risen and gets close to the dredge pumps due to the soil filtration.

R: Well it sounds like dredging a larger basin would give you some flood risk reduction, but not sure how it provides either habitat benefit or ag land benefit. That kind of a basin is a structural solution. If it was shallower, broader, and had wetland plants growing there. Are there cattails growing there?

Q: We have growth on all of the banks, and there are houses up to the banks. The dredges are about 2800 ft long and 150 ft wide. When it initially started, we believe it was at least 15 feet deep. We believe that all of the tail winds coming in from the farmland and runoff from the drip through irrigation coming in back to the system have infiltrated this are with dirt over the years.

R: Is there any space to create additional flooded detention area that wouldn't be so deep? It doesn't sound like it would score very high on habitat, which would knock you out of the competition. Based on what I've heard there's not enough wildlife habitat associated with the project to make it competitive. We would need more details about the project to evaluate it, but it sounds more like a structural project. There are structural programs under proposition 84. There's a local levee evaluation and repair section, but I am not sure if they do dredging. To score well under our program, I think you would have to show more habitat benefits than what you can get in that confined area.

Q: Talking about projects that are ready to go, are you talking about ready to go and start with CEQA or already through with CEQA, or is this just a graduated scale?

R: Well, it is sort of a graduated scale. I think ready to go is permits in hand and ready to go with construction. But that is only a small part of the evaluation, so don't let that discourage you. If you're not ready to go, but will be in a year or so you can still apply. That alone wouldn't be enough to knock you out of contention if the rest of your project is good.

Q: Does the applicant prepare the cost benefit analysis or does DWR with the information they provide?

R: The applicant prepares everything.

Q: And is there a certain model or methodology that we use to do that?

R: Yes, there are a number of models and methodologies. The Army Corp of Engineers has procedures for doing cost benefit analysis. There are also some economic models that have been developed. As long as it's reasonable, we'll look at it. I can't point to specifics right now but probably the more useful ones are the ones FEMA and the Corp of Engineers use for flood project evaluations.

Q: Is there a possibility to get someone from DWR to come down (San Joaquin RD folks) to check out situation, and tell us if they qualify for funding before we go through all of the apps?

R: Where are you?

Q: We are 2096, on the San Joaquin just below I-5, Manteca.

R: Yes, there's probably someone that could go out and take a look. Our staff is tied up during the application process. Contact after workshop and we will refer to someone who can take a look at site.

Q: Related to the planning question, what was the other funding source?

R: Integrated Regional Water Management Planning funds/grants. Under DWR, go to the DWR Grants and Loans webpage for more information.

Q: For the purposes of submitting a budget and estimating costs, could you describe all of the eligible costs that would be reimbursed through this program as far as indirect costs, staff time, construction costs, materials, and even overhead?

R: Right, all of that. What we don't pay for is anything that is not essential for the program like if you wanted to put in children's monkey bars, slide, or something like that, that wouldn't fit. Access is o.k., if it's a project where school children can come and study the biology, parking would be o.k., restrooms, drinking fountains, but not much beyond that. Flood control structures or structures related to flooding if they are necessary to make the project work like a weir to let water in at a certain stage, or pumps to pump water out of the detention basin after the water has been there a while and water in the channel has flowed on through and you have room in the channel to put it back, that could be funded too. As long as it's not too high of a percentage of the project costs. This program funds primarily non structural actions so we look closely at the structural costs as a percentage of the total budget. But other than that we can fund an endowment for maintenance, design work, permitting work, hydrologic studies, construction specifications, and then all of the activities necessary to construct the project and even monitor it after the fact. If monitoring is needed, the monitoring can be part of budget, too.

Q: Do you foresee any future funding for this kind of program? There is currently some discussion in the special session about water projects and there looks like there is going to be a lot of funding available specifically for the Delta, and seems that

flood water retention and ground water recharge will certainly be a part of that, is there any discussion on continued funding for this program from these bonds?

R: The only ongoing funding is Proposition 1E beyond the \$40 million that was in Proposition 84. The flood protection facility needs for the state total probably \$15 billion dollars and so far there is under \$5 billion that has been approved. Presumably there will be future bonds with additional funding in the future if current funding is put to good use. In Proposition 1E we have \$290 million allocated for these types of projects and for floodplain mapping. Current discussion indicates that a sixth of that will go for mapping and the rest of it will go to other types of projects. We are funded for the next several years.

Q: Today's meeting is only for proposition 84?

R: Yes today's meeting is only for proposition 84. That's all that is budgeted for 07-08. The Proposition 1E money will start flowing in 08-09

Q: Could you estimate what percentage would be too high for the structural component, for example if it's above 25 % of the project?

R: It will vary by project. Every project is unique. We just went through a major audit and we are being questioned about a project where the structural portion approached 20%. 20% is not set in stone. There is no legal threshold that has been defined. We will be clarifying what types of structural items are acceptable in the future. We don't have any guidelines right now. If you are spending a substantial amount of money on structural activities you have to show clearly that it is essential to the overall functioning of the project and the project has to be primarily non-structural. [Subsequent guidelines specify any percentage structural over 20% must have approved justification up to 50%, and above 50% is not permitted.]